

PRESENTATION TO THE  
BLUE RIBBON COMMISSION ON  
AMERICA'S NUCLEAR FUTURE

BY

JOHN A. KOSKINEN

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I. Introduction

- A. Studies over time have discussed a wide range of options.
- B. Examples of "where you stand depends on where you sit".
  - 1. Congressional reviews stress protecting Congressional oversight and control.
  - 2. DOE not surprisingly found that maintaining the organization within the Department was the most efficient way to proceed.
- C. Ironically, concerns about keeping the siting decision open to the public have lead to very limited progress in 25 years.

II. Basics

- A. Site selection presents very different challenges than construction and operations.
- B. The source and availability of funding needs to be secure and not subject to arbitrary controls or cutbacks.
- C. Questions include what controls should be established -- and exercised by whom -- over:
  - 1. Industry fees.
  - 2. Hiring and Compensation
  - 3. Operations, including incentives for efficiency and reliability.
- D. Even with a Board of Directors, there's a basic question of to whom is the organization responsible.
- E. There is no obvious answer to these questions and each solution has its challenges and a history of shortcomings.
  - 1. We've recently seen the difficulties in a purely government operation in the Minerals Management Service (now fondly known as the "Bureau of Ocean

Energy management, Regulation and Enforcement."

2. Quasi Government organizations have had oversight challenges as in the case of the Smithsonian Institution.
3. Government Corporations have had their own difficulties as shown by the history of the Synfuels Corporation.

#### IV. Recommendations

- A. Siting might best be decided by a Commission such as this one presenting a recommendation to the Congress in the form of a BRAC-like process where there is a simple up or down vote.
  1. Otherwise, we risk having this debate for another 25 years.
  2. Having a new organization make the decision will skew its structure, operations, and oversight to provide input and final review over this one -- albeit major -- decision.
- B. Options Not Recommended
  1. Continuing to locate the organization within a government department or agency.
    - a. Encourages more direct political involvement in daily operations
    - b. Risks continued difficulties with access to funding
    - c. Over time, as operations become normalized, can become lost in the background of agency operations, with diminished oversight.
  2. Performance Based Organization
    - a. Originally developed in England and adopted in the U.S. in the 1990's.
    - b. Patent and Trade Mark Office continues to operate in this mode
    - c. Provides additional flexibility for hiring, compensation and procurement
    - d. Possible to isolate funding from the Federal budget process
    - e. A clear improvement over the present situation.
    - f. Should be viewed as a permanent solution, not a transition stage, since will be harder to move once established and constituencies build up

around it.

- g. Downsides are that you lose the opportunity to engage an outside board and oversight may diminish with the passage of time.

- 1.) Employee compensation may also be constrained.

- 3. For Profit Corporation

- a. Private shareholders and profit maximization may interfere with a focus on the public mission
  - b. May lose credibility with the public and the Congress as a result.

- C. For operations, establish a government corporation designed to deal with this specific situation.

- 1. Outside directors provide expertise and ongoing oversight
- 2. Easier to provide direct control of funding
- 3. A more attractive option for recruiting employees
- 4. A Board of Directors with nine members, perhaps composed as follows:
  - a. The Secretary of the Department of Energy
  - b. The Administrator of the Environmental Protection Agency
  - c. Two additional members appointed by the President, one of whom shall be chairman.
  - d. Three members appointed by industry
  - e. One member appointed by the Governor where the site is located.
    - 1.) If more than one site, rotate among the governors.
  - f. The CEO, appointed by the Board.
- 5. Board operations:
  - a. Meet in person at least four times a year.
  - b. Four year, staggered terms with limit of three terms.
  - c. Committees: Business/Risk; Audit; Compensation and Nominating/ Governance.
  - c. Pay non government board members \$75,000 a year and the

Chairman \$100,000.

- d. Establish an ongoing series of rolling, five year strategic plans with specific performance measures.
  - e. Produce an annual report to the White House and the Congress measuring progress against those plans.
  - d. Obtain audited financial statements with quarterly filings to the White House and the Congress .
  - e. Set fees for industry, with payments made to the company.
    - a. Could be reviewed or approved by FERC.
3. NRC to provide regulatory oversight relating to safety and soundness of plans and operations.